

CAUTION

*****Follow the Checklist on this page*****

Failure to do so may cause unnecessary delays in renewing your license
Do not contract or obtain permits until your license is renewed; there is not a grace period

1. ____ Enclose a **check** for the appropriate amount. **Make check payable to Contractor's Board.**
 - ____ ***Renewal fee** is \$200 for a two year period.
 - ____ *Renewal is **due 30 days prior to expiration.**
 - ____ *Late fees of **\$20 per month** beginning the day after expiration date; not due date.
 - ____ *If hand-delivering in lieu of mailing, the Board cannot accept fees at their office.
2. ____ **Contractor's affidavit – Page 3**
 - ____ ***All questions** must be answered.
 - ____ *Must be **notarized** with a visible **notary seal.**
3. ____ **Proof of Insurance-** General Liability is required for all renewals including "Spec Builder" licenses.
 - ____ *Attach a **Certificate of Insurance-** You may obtain this by contacting your insurance agency
 - ____ *Certificate must show **Policy number** (Not Binder or Account Number), **Beginning and Expiration dates, Limits of Insurance, Name as on License** must appear in the Insured box. **The Board should be listed as the certificate holder.**
4. ____ **Current Financial Statement-** (No older than 12-14 months) A financial statement is required for all renewals except "Spec Builder" licenses. If you have a "**Spec Builder**" license your **wall certificate** will say **Spec Builder not Contractor.**
See Pages 4 -6 for the formula for calculating Working Capital and Net worth.
 - ____ *If your **Monetary Limit is \$1,500,000 or less-** you may use the enclosed form (page 7) or submit your own.
 - ____ *If your **Monetary Limit is over \$1,500,000-** A **reviewed or audited** financial statement is required. Must include accountants report, balance sheet, and notes to financial statement.
 - ____ *The **Name on the Financial Statement** should be **exactly** the same as the **name on the license.**
 - ____ *The Financial statement should have a **date** which includes the **month, day, and year.**

The above items are the minimum requirements for Renewal.

The following are requirements if your financial statement does not support your monetary limit.

5. ____ **Guaranty Agreement -** (Page 9) This is needed if you are submitting a Financial statement in addition to the contractor's financial statement. For example a personal financial statement or parent company financial statement to help support the monetary limit. Financial statements are confidential; guaranty is not.
 - ____ *Please ensure the form is filled out in its entirety.
 - ____ *If submitting a **personal financial statement**, please **check the appropriate line.**
 - ____ *If submitting a **company financial statement**, please **check the appropriate line**
 - ____ *Please place the **Name as it appears on the license** on the **top line.**
 - ____ *This form must be **notarized** with a **visible notary seal.**
6. ____ **Line of Credit-** (Page 11) This is needed if the working capital is low on your financial statement. The line of credit will be added to the contractor's working capital to increase the total working capital. If contractor's financial statement shows negative working capital the line of credit will only be accepted at 50% of its value.
 - ____ * Line of Credit format should not be altered in any way. (See Page 11 for Format)
 - ____ * Must be in exact name as license.
 - ____ * Must submit the original Line of Credit letter from bank (copies not accepted).

Please make a copy of the renewal form for your record. Then mail the forms and fee to the address on the first page.

You may check the website for license roster search for updates at: <http://licsrch.state.tn.us/>

Revisions should **not** be submitted with Renewal. Please mail these separately. You should be licensed in the same manner as you operate. If you operate as a corporation, L.L.C., or partnership, please ensure you are licensed in the same manner. If you need to switch to a different mode of operation please fill out the transfer mode of operation forms available on our website or you may call our office for the appropriate forms.

CONTRACTOR'S AFFIDAVIT FOR RENEWAL
ALL QUESTIONS MUST BE ANSWERED

Mode of Operation: ☐ Sole Proprietor ☐ Corporation ☐ LLC ☐ Partnership

QUALIFYING AGENT (Person who tested or designated prior to exams on behalf of your company)

1. Please list your current qualifying agent(s):

<hr/> Qualifying Agent's Name	<hr/> Title	<hr/> SS#
-------------------------------	-------------	-----------

<hr/> Qualifying Agent's Name	<hr/> Title	<hr/> SS#
-------------------------------	-------------	-----------

Should the qualifying agent leave the company, another individual must be designated within 90 days or license is considered invalid.

CORPORATION/LLC/PARTNERSHIP - ☐ - Not Applicable for sole proprietor.

2. Please list up to four of the major owner/officers/partners on this license and their title.

***** Check to ensure active status with Tennessee Secretary of State at: <http://www.tennesseeanytime.org/soscorp/>

1. _____ 3. _____

2. _____ 4. _____

ENVIRONMENTAL CONTRACTORS - ☐ - Not Applicable (Applies to Specialty S-A,B,C,D,E classifications)

3. ☐ HAVE ☐ HAVE NOT complied with Rule 0680-1-.16, which requires environmental contractors to keep up-to-date with applicable state and federal requirements and to notify the Board of any citations.

LICENSE OPERATION CHANGES – *(If “Yes” is checked, please attach an explanation)

4. ☐ No; ☐ *Yes – The following has been changed:

☐ **Name** – Fill out Name Change Forms- Available on our website (See Page 12)

☐ **Mode of Operation**- Fill out Transfer Mode of Operation Forms (TCA 62-6-111)

☐ **Ownership**- May Require New Application – Need Details of Changes: _____% (TCA 62-6-111)

☐ **Merger** – New Application Required for New License (TCA 62-6-111)

☐ **Bankruptcy** (TCA 62-6-116(c))

**If there have been changes, please contact the Board for appropriate forms to complete, or obtain from the website at: <http://www.state.tn.us/commerce/boards/contractors/formsandapps.html>.*

INSURANCE COVERAGE: (Response required to renew!)

5. **Workers Compensation Coverage:** ☐ No – **Zero Employees; ☐ *Yes – Must attach proof of coverage

***Effective December 31, 2009, must supply unless sole proprietor or partnership never acting as a subcontractor (see law changes on page)*

6. **General Liability:** Policy # _____ Coverage Amount: \$ _____ Exp. ____/____/____

(Effective July 1, 2007, ALL contractors must submit proof of general liability insurance (see page 10 for additional information))

CRIMINAL CONVICTIONS/OUTSTANDING JUDGMENTS: *(If owners, qualifying agents or officers have convictions, since issuance of original license, please attach court documents with date of offense and probation release date; if disclosed earlier, please mark appropriately. If you have outstanding judgments from contracting complaints, please explain.

7. Convicted of a Felony: ☐ No ☐ *Yes – Must attach explanation with court documents, unless
_____ - Felony disclosed earlier and explanation is on file

8. Judgments: ☐ No ☐ *Yes *(Must attach information and explanation)*

9. Revoke/Suspensions ☐ No ☐ *Yes *(Must attach information of another agency/state license)*

PLEASE COMPLETE, SIGN AND NOTARIZE

License ID#: 000 _____

I, _____, certify the above information and attached financial statement to
(Print Name of Owner/Officer) be true and correct to the best of my knowledge and attached is an explanation where required. Further, I maintain the required workers compensation and general liability insurance. I am aware that ANY untrue statements are grounds for disciplinary action. TCA § 62-6-118(h), the board may refuse to renew a license for lack of financial stability, submission of false evidence, improper, fraudulent or dishonest dealing. T.C.A. § 56-1-313 states the Board has the authority to deny licensure to anyone who had a previous license revoked in another state.

X _____
(OWNER/OFFICER SIGNATURE) (TITLE) (SS#)

Affirmed, subscribed and witnessed before me this _____ day of _____, 20____.

My Commission Expires: _____

-SEAL-

Notary Public Signature: _____

Financial Statement Requirements Renewing a License

Financial statement- A balance sheet listing all of the assets and liabilities of the company holding the license;

*The balance sheet should not contain personal assets or liabilities.

*A classified balance sheet is preferred over an unclassified balance sheet.

Classified- separates assets and liabilities into current and non-current (long-term)

*The financial statement must be in **exactly the same name as licensed**.

*The balance sheet should contain a full date, including the month, day, and year.

*****Reviewed Financial Statement** by an actively licensed CPA/PA is required if your monetary limit is **over \$1,500,000**. Must be on GAAP basis, OCBOA financials are not accepted. The reviewed financial statement must contain a signed report page, balance sheet and full disclosure notes. Audited financials are also acceptable.

*****A self prepared or compiled financial statement** is acceptable if your monetary limit is **\$1,500,000 or less**.

*****If your company is a subsidiary of another company**, the parent company must submit a guaranty agreement and a financial statement.

*****A company's financial statement should not include any personal assets or liabilities.*****

A guide to **classifying assets and liabilities**:

CURRENT ASSETS are cash and those assets that are reasonably expected to be realized in cash or sold or consumed **within one year** or within a business's normal operating cycle if it is longer. Generally, current assets include the following:

- Cash and cash equivalents available for current operations
- Marketable securities representing the investment of cash available for current operations, including investments in debt and equity securities classified as trading securities.
- Underbillings on work in progress
- Inventories (to include materials and/or houses built for sale). Also, developed lots for sale. Raw, undeveloped land is not a current asset.
- Retirement Plans, specifically an IRA, 401K and Profit Sharing, will be allowed at 50% (**Personal IRA's not allowed on Company Financial Statement**)
- Cash surrender value of life insurance policies (Not face value of life insurance)
- Trade accounts receivable, notes and other receivables that are expected to be collected within one year
- Prepaid expenses such as insurance, interest, rents, taxes, etc.

The following are **not current assets**, however, since they generally are not expected to be converted into cash within one year:

- Related party or owners receivables (not allowed as a current asset)
- Cash restricted for special purposes (Restricted cash may be classified as a current asset if it is considered to offset maturing debt that has been properly classified as a current liability, however.)
- Long term investments
- Receivables not expected to be collected within one year
- Land and other natural resources
- Depreciable assets (buildings, equipment, tools, etc.)
- Prepayments or deferred charges that will not be charged to operations within one year
- Notes receivables from stockholders

CURRENT LIABILITIES are obligations whose liquidation is reasonably expected to require (a) the use of current assets or (b) the creation of the other current liabilities. Generally, current liabilities include the following:

- Line of Credit balances and credit card balances
- Payables for materials and supplies
- Amounts collected before goods or services are delivered (overbillings on jobs in progress)
- Accruals for wages, salaries, commissions, rents, royalties, and taxes
- Other obligations, **including portions of long-term obligations**, expected to be liquidated within one year*

*Current liabilities do not include long term notes, bonds and obligations that will not be paid out of current assets.

*If listing a long term liability you should classify the portion of the liability that is due within one year as a current liability. If no current portion of the liability is listed then a percentage of the liability will be classified as current for the purpose of determining the working capital.

Supplemental Financial Statements:

- You may submit a supplemental personal financial statement or parent company's financial statement, in addition to the required contractor's financial statement, to help support monetary limit.
- A "Guaranty Agreement" must be signed by the persons listed on the financial statement (including spouse); and/or company officer submitting the supplemental financial statement for corporate entity.
- These supplemental financial statements may be self-prepared or compiled
 - Working capital and net worth are calculated for supplemental financial statements
 - Working Capital is calculated for personal financial statements; these values are then decreased by 50% and added to overall working capital and net worth
 - A negative working capital or net worth is not reduced by 50%
 - Supplemental financial statements may include an investment in the contractors company; however, the board will not allow the value of the investment in the contractors company in calculating overall working capital and net worth
 - Receivables from related parties will not be counted as a current asset (this also applies to the contractor's financial statement)
 - Retirement plans will be accepted on a personal financial statement as a current asset; however, the value of the retirement plans will be reduced by 50% to account for tax liabilities.

Line of Credit

You must submit original letter of credit in board's format.

- Any changes/omissions will render the line of credit obsolete in calculating working capital.
- Line of credit will be added to overall working capital. (Does not affect net worth)
- If contractor's financial statement shows a negative working capital, the line of credit amount added to working capital is reduced by 50%

Related Party Receivables (related party/owner/stockholder)-

Related Party Receivables are only accepted as a current asset if the related party submits a guaranty agreement and a financial statement which shows they have the ability to pay the receivable within a year.

Monetary Limit Calculation

10 Times the lesser of total Working Capital and total Net Worth.

Working Capital = Total Current Assets minus Total Current Liabilities

Net Worth= Total Assets minus Total Liabilities

Example: Monetary limit of \$1,000,000 must show Working Capital and Net Worth of at least \$100,000

Example Monetary Limit Calculation

This example contains a summary balance sheet for illustrative purposes; a summary balance sheet is not acceptable for complying with the boards requirements.

Contractor's Financial Statement

XYZ Contractor Company (name must be exactly as licensed)		
Balance Sheet		
MM/DD/YYYY		
Assets		
Current Assets		\$14,000
Non-Current Assets		<u>20,000</u>
Total Assets		34,000
Liabilities		
Current Liabilities		16,000
Long-Term Liabilities		<u>10,000</u>
Total Liabilities		26,000
Equity (Net Worth)		<u>8,000</u>
Total Liabilities and Equity		34,000

Working Capital = \$14,000 – 16,000 = **(2,000)** (Parenthesis around number denotes a negative value)

Net Worth = \$34,000 – 26,000 = **8,000**

Supplemental Financial Statement to support monetary limit. (Guaranty Agreement must be properly filled out)

John and Jane Doe (must complete Guaranty Agreement)	
Balance Sheet	
MM/DD/YYYY	
Assets	
Current Assets	\$ 4,000
Non-Current Assets	<u>220,000</u>
Total Assets	224,000
Liabilities	
Current Liabilities	13,000
Long-Term Liabilities	<u>140,000</u>
Total Liabilities	153,000
Equity (Net Worth)	<u>79,000</u>
Total Liabilities and Equity	224,000

Working Capital = \$4,000 – 13,000 = **(9,000)** (Parenthesis around number denotes a negative value)

Net Worth = \$224,000 – 153,000 = **79,000**

The working capital is taken at full value and the net worth is accepted at 50%, both are added to overall values.

The Contractor also submitted a properly completed Letter of Credit from a Bank for **\$100,000**.

This letter of credit is reduced by 50% due to a negative contractor's working capital.

Total Working Capital = **(2,000) + (9,000) + 50,000** (50% of Line of Credit) = **\$39,000**

Total Net Worth = **\$8,000 + 39,500** (50% of Personal Financial statement) = **\$47,500**

These values support a maximum Monetary Limit of **\$390,000** (10 times lesser of W/C and N/W)

SUPPLEMENTAL INFORMATION

Contractors with limits of **\$1,500,000 OR LESS** may prepare their own financial statement. If your monetary limit is **GREATER THAN \$1,500,000**, you **MUST** attach your CPA's or Licensed PA's **REVIEWED OR AUDITED** financial statement.

FINANCIAL STATEMENT's must be submitted in the **EXACT** name as licensed.

MONETARY LIMIT is based on 10 times the **LESSER** of working capital or net worth. **WORKING CAPITAL** is current assets minus current liabilities; **NET WORTH** is total assets minus total liabilities. Unlimited license, the minimum working capital and net worth must both be \$300,000. The monetary limit cannot automatically be increased; must submit revision request. (TCA 62-6-116; Rule 0680-1-.15)

LINE OF CREDIT (LOC) may be used to supplement working capital, only. Must be in our format, on Bank's letterhead, exact name as licensed, and the original. If your financial statement shows a negative working capital, only 50% of the LOC (*do not add to financial statement*) amount will be used. (TCA § 62-6-116/ Rule 0680-1-.13)

GUARANTY AGREEMENT with a personal financial statement may be used to supplement financial statement. However, only 50% may be used. NOTE: The Guaranty must be signed by both husband and wife, and notarized. If your financial statement does not support your limit, you will be notified by mail to submit additional information or accept a lower license limit. Companies owned by another entity, the parent company must supply financial statement with Guaranty. (TCA § 62-6-116; Rule 0680-1-.13)

Contractor's Balance Sheet

License #:

License Name: _____

(The name on the balance sheet must match exactly with your license)

Address _____

Mode of Operation _____ Sole Proprietor _____ Corporation _____ LLC _____ Partnership

Financial Statement as of _____, 20_____
(Month) (Day) (Year)

Current Assets		Dollars Only	
	Cash on hand and in the Bank		
	Accounts Receivable (Within 1 year)		
	Trade		
	Employees		
	Other: (Itemize)		
	Costs in excess of billings on uncompleted contracts		
	Marketable Securities, Stocks, and Bonds		
	Inventories- Materials or Houses Built or Developed Lots for Sale		
	Retirement Plans (IRA; 401K; Profit Sharing) *Generally Only for Personal Financials		
	Cash Surrender Value of Life Insurance (Not Face Value)		
	Prepaid Expenses (Insurance, Taxes, Interest, Rents, Other)		
	Other: (Itemize)		
A	Total Current Assets		
Non-Current Assets			
	Accounts Receivable (amounts not due within 1 year)		
	Related Party Receivables		
	Long Term Investments		
	Land		
	Depreciable Assets		
	Buildings		
	Equipment		
	Tools		
	Vehicles		
	Other: (Itemize)		
B	Total Assets		
Current Liabilities			
	Credit Cards (Balance)		
	Accounts Payable (Amount Due Within 1 Year)		
	Accrued Salaries and Wages		
	Billings in excess of costs (uncompleted contracts)		
	Equipment Encumbrances (Amount Due Within 1 year)		
	Real Estate Encumbrances (Amount Due Within 1 year)		
	Line of Credit (Balance)		
	Other: (Itemize)		
C	Total Current Liabilities		
Long Term Liabilities			
	Accounts Payable (Amount Due After 1 Year)		
	Equipment Encumbrances (Amount Due After 1 year)		
	Real Estate Encumbrances (Amount Due After 1 year)		
	Stockholder Payable		
	Other: (Itemize)		
D	Total Liabilities		
E	Net Worth		
D + E	Total Liabilities and Net Worth		

Working Capital = A - C = _____

Net Worth = B - D = Place in line E

NOTICE

LICENSES MAY BE ISSUED PRIOR TO AUDIT!

Licenses are audited prior to issuance, however, in an effort to renew contractors in a timely manner in the case of a back-log, renewal applications may also be issued prior to a complete audit, provided the renewal application is complete: contains a financial statement, workers compensation/general liability information, fees and/or late fees. Therefore, you MAY receive your license certificate with a new, current expiration date. However, if after the complete audit, additional information is needed to fulfill the renewal requirements, you will be sent a letter requesting that information to be submitted to the Board within 30 days.

Failure to respond to this request within 30 days will cause your license status to be changed to “Denied”! Contractors continuing to operate with a “Denied” status will be considered as operating as an unlicensed contractor.

Contractors, who fail to respond to this request after 12 months from their expiration date, must reinstate through the new application license procedures. Contractors with a “Denied” status, less than 12 months, would simply need to comply with the requested information in order to return to active status.

Contractors may check the contractors’ license search to review their status at: <http://licsrch.state.tn.us/>

The following are the most common problems to place a license in an inactive status:

- Financial Statement
 - Not in the name as licensed
 - Not current (more than 14 months)
 - Working capital and/or net worth does not support monetary limit
 - Must submit agreement to lower limit
 - Needs a personal financial statement and guaranty agreement
 - Line of Credit (do not put on financial statement) needed to supplement negative working capital
- Insurance (Workers Compensation and General Liability)
 - Expired coverage
 - Failed to submit proof; has a qualifying agent as an employee
 - Failed to submit the minimum amount of coverage of general liability
- Failed to complete Contractors Affidavit
 - Did not sign or have notarized
 - Did not answer all questions (felony, etc.)
 - Qualifying Agent is someone other than on file
 - Corporation or LLC is inactive with the Secretary of State’s office
- Did not include late fees
 - Late fees assessed at \$20.00 each month
 - Renewal received after the expiration date (must allow 5 to 7 business days)

Please be sure to check your renewal carefully when submitting in order to prevent contracting in violation of the law, and mail 30 days prior to expiration date.

License ID# 000 _____

GUARANTY AGREEMENT

***(Required with supplemental financial statements to increase working capital or net worth
or by parent companies indemnifying subsidiaries)***

I/we, the undersigned person(s), natural or corporate, do hereby pledge and agree to guarantee the debts and obligations of the within named contractor for all debts and obligations arising out of the contracting activities of the Contractor as defined by TENNESSEE CODE ANNOTATED, section 62-6-101.

I/we the undersigned Guarantors, agree and contract to pay any and all debts and obligations of said Contractor as provided for above should they fail and refuse to pay and/or default on same.

I/we the undersigned Guarantors, agree to furnish and supply the Board with any and all financial reports, statements and information to which they may request in order to provide evidence of my/our financial security and stability.

I/we understand and agree that where the words "indemnities" appear in Rule #0680-1-.13 of the rules of the Board, it shall be in reference to this document, its title and wording to the contrary.

This document and the obligation undertaken shall expire and shall become null and void upon expiration of any license granted the Contractor by the Board or upon joint request, in writing, of the undersigned Guarantors and the Contractor, with the approval of the Board, provided, however, that any and all debts and obligations for, or arising out of work in process, upon the expiration, nullification and/or cancellation of this agreement, shall be covered and the Guarantor(s) herein shall remain liable for same.

This **GUARANTY AGREEMENT** is being executed at the request of:

(NAME AS ON LICENSE)

the contractor to which this document is applicable for the express purpose of providing additional financial security and stability to, and for, said Contractor in order that they may obtain a license to engage in contracting in the State of Tennessee, Board for Licensing Contractors.

* * *

<p>_____ Name on Corporation's Financial Statement</p> <p>Name: _____</p> <p>Title: _____</p> <p>_____ *Signature of Corporate Official or Personal Guarantor</p> <p>_____ Signature of Additional Personal Guarantor or Spouse</p> <p>*As a corporate official, I am fully authorized to bind and obligate corporation to the terms and conditions of this document as stated herein.</p>	<p>Please Check the Applicable Line</p> <p>____ Corporate Guaranty – Must be signed by Authorized Corporate Official</p> <p>____ Personal Guaranty – Must be signed by All Persons Named on Personal Financial Statement</p>
--	---

NOTARIZE

Affirmed/witnessed and subscribed before me this _____ day of _____, 20_____.

Notary Public Signature

My Commission Expires: _____

- Seal -

*Corporate financial statements submitted to increase working capital and net worth of licensee, must complete corporate section.

** Personal financial statements submitted, the personal guarantor(s) sign and signature of all persons named on financial statement, such as SPOUSE, is required.

GENERAL LIABILITY INSURANCE INFORMATION

Effective July 1, 2007, a new law requires all contractors to obtain General Liability Insurance in order to renew or apply for a contractor's or home improvement license. In addition, workers compensation insurance is also required.

In order to comply with the new legislation, the Board has established the following as a "minimum" amount of coverage to obtain and a rulemaking will be held to discuss these amounts. Please check with your insurance provider, as they may advise to apply for more or additional coverage, based upon your individual needs and the amount of projects you perform.

<u>Contractor's License Monetary Limit</u>	<u>Minimum General Liability Insurance</u>
Up to \$500,000	\$100,000
\$500,001 to \$1,500,000	\$500,000
\$1,500,001 to Unlimited	\$1,000,000

The following is from legislation SB1784, Public Chapter 130:

AN ACT to amend Tennessee Code Annotated, Title 62, Chapter 37 and Title 62, Chapter 6, relative to contractors.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 62-6-111(a)(1), is amended by inserting the following sentence at the end of that subdivision: "Any application for initial licensure or for renewal of licensure also shall be accompanied by an affidavit affirming that the applicant maintains general liability insurance and workers' compensation insurance *{according to Department of Labor and Workforce law, Worker's Compensation is not required if there are "No" employees}* and specifying the amount of such insurance as well as any other information the board may require."

Requirements for Proof of Insurance-

The Board requests a **certificate of insurance** (available from your insurance agency) which lists a **policy number** (not binder or account number), a **beginning and expiration date**, and **limits** of the insurance. The **name on the license** must match the **name in the insured box**. The **Board should be listed as the certificate holder**.

Limits required to be listed on Certificate of insurance

- Each occurrence (this value must comply with minimum requirements listed above)
- Damage to Rented Premises (each occurrence)
- Medical Expense (any one person)
- Personal & Adv Injury
- General Aggregate
- Products- comp/op agg

LINE OF CREDIT

TO BE WRITTEN ON BANK, SAVINGS & LOAN LETTERHEAD
(May be used to supplement Working Capital)

DATE

TO: **CONTRACTOR LICENSED NAME** (*Individual, Corporation, Partnership or LLC*)
Address
City, State and Zip

RE: Contractor's License ID# 000 _____

Dear Contractor:

You have requested of (Name of Bank, Savings & Loan (FDIC approved)) to establish a line of credit which will be available to (Name as on License) for use in conducting the contracting business for which a license is being sought from the State of Tennessee Board for Licensing Contractors.

We hereby establish a line of credit for these purposes in the amount of \$(Dollar Amount), which will be maintained for a period of one (1) year from the date of license issuance, subject to no adverse change in your financial condition.

As a condition of this arrangement, it is our understanding you will inform us and the Board for Licensing Contractors of any significant change(s) in your financial condition during the term of this commitment.

We the undersigned will endeavor to notify the Board for Licensing Contractors should we become aware of any significant change(s) in financial conditions of the above named applicant.

The undersigned hereby agrees to notify the Board for Licensing Contractors should we withdraw and/or eliminate the above named applicant's credit line.

By _____
Name Title

SAMPLE LETTER -- FOR BANK USE ONLY

Contractor Instructions

- To increase the working capital, a contractor may take this **SAMPLE** form to their bank
- The line of credit (LOC) does not increase the net worth. (DO NOT add to Financial Statement!)
- If a contractor's working capital is negative, only 50% of the LOC's value is applied
- The LOC is for the contractor's use and may be utilized at any time by the contractor
- This **format's exact wording must be used** in order for the Board to consider accepting
- Original LOC document must be submitted; copies are not acceptable
- Name on LOC must be in the **EXACT NAME** as on the license and financial statement
- Lending institution must be a bank, savings and loan which is FDIC approved

General Information

RETIREMENT - To retire a license; please contact the Board office for the application or download the form from our website; license must be active. To bring out of retirement, simply complete "Renewal" and pay renewal fee of \$200.00. Retired licensee must pay retirement renewal fee of \$25.00 annually. License cannot be in retirement more than 7 years. (TCA § 62-6-126)

REINSTATEMENT - A license expired in excess of 12 months, contractor must complete the new license application; expired for more than two years, must request waiver of exams. (TCA 62-6-116(g))

NAME CHANGE/MODE OF OPERATION CHANGE /TRANSFER - Contact the Board office for the appropriate forms to change mode of operation. For example, change to corporation, partnership, Limited Liability Company or sole proprietor. You cannot operate in new mode until license has been approved by the Board. **Do not send requests to change or revise license with renewal!** (TCA §§ 62-6-111, 116)

CHANGE IN OWNERSHIP OR MERGER - License is considered *INVALID and you must apply for a new license*. Contact the Board or review the website for the new license application. If the qualifying agent remains, the exams do not have to be retaken. (TCA § 62-6-111)

QUALIFYING AGENT - Individual who tested or was designated (prior to exams in 1987) on behalf of the company. Should this person leave, must notify Board within 10 days; the company has 90 days to designate another and supply the "Add or Change Qualifying Agent" form with exam scores. After 90 days, the license is considered *invalid* until replaced. If the classification does not require a trade exam, must supply the "Add or Change Qualifying Agent" form with a list of their experience and any required certifications. It is the Board's policy that the "Business and Law" does not have to be retaken, unless there are complaints, citations, or judgments against the company. (TCA § 62-6-115/Rule 0680-1-.23)

REVISIONS – Do not send revision requests with your renewal! For forms to apply for changes, contact our office or review our website for forms, such as: **"INCREASE REQUEST"** or **"ADD CLASSIFICATION"** or **"CHANGE IN MODE"**, etc.

ADDRESS CHANGES – Notification of address change within 30 days (Rule 0680-1-.08)

FEES - The Board office cannot accept fees. Renewals with fees must be sent to the mailing address. Hand delivered renewals and fees must be turned in to the "Cashier's Office" (separate from board office).

CONFIDENTIAL INFORMATION: Financial statements are considered confidential and may not be released to the public. Guaranty Agreements are not confidential. In addition, for public information request for review or copies of files, social security numbers are redacted on all forms.

No Grace Period for Renewals

There is not a grace period to renew; cannot contract or permit until the renewal license has been issued.

NO EXTENSION LETTERS FOR RENEWAL

The Board for Licensing Contractor's office cannot grant extension letters prior to license renewal.

The law states renewals are due in the Board office **30 days prior to expiration**, to prevent contracting unlicensed. In addition, renewal notices are mailed to contractors 90 days prior to the expiration date. In the event you do not receive the renewal notice in the future, or need an additional copy, all renewal forms are available on the website at: <http://www.tennessee.gov/commerce/boards/contractors/>

Until the license is renewed, you are not considered legal or a properly licensed contractor. Please refrain from bidding or attempting to pull any permits until renewed. You may check the status on the departmental website at: <http://licsrch.state.tn.us/>

RENEWAL LICENSE ISSUED

A renewal is considered complete upon receipt of the fee, correct financial statement supporting monetary limit, required proof of workers compensation insurance and general liability insurance. Upon receipt of your complete renewal, a license will be issued within 30 days (renewals are processed in the order as received). If additional information is needed, which may be after your license was issued, you will be notified to respond or the license will be considered invalid. If you do not receive your renewed license within 30 days, it may have been submitted complete.

Please mail your renewal 30 days prior to the expiration date to avoid unlicensed contracting!

License Name

You must contract, permit and conduct business in the exact name appearing on your license. Licenses are not transferrable to another entity. Contracting in a name other than as licensed is illegal and is considered unlicensed activity. Should you receive a pre-printed bid submittal form, please make sure the name listed is as licensed. (TCA § 62-6-114, 119/ Rule 0680-1-.25)

Bidding

Must list license information (name as appears on license, I.D. number, classification, and Expiration date) on the outside of the bid envelope to avoid bid rejection.

Also list the same information pertaining to electrical, mechanical, plumbing, HVAC subcontractors; and geothermal TDEC well driller license number and classification (G or L). (T.C.A. § 62-6-119)

FAMILY OWNED BUSINESSES

Please note, should a parent hold the license, family members may not use their parent's license to perform contracting.

Web Site Addresses

Contractors (Home): <http://tennessee.gov/commerce/boards/contractors/>

Secretary of State: <http://www.tennesseeanyttime.org/soscorp/> - Use this site to check corporate status or Rules

License Law: www.michie.com Click onto "Tennessee" jurisdiction and Title 62, Chapter 6.

Workers Compensation Insurance

Contractors with one (1) or more employees, such as a qualifying agent, must provide proof of workers compensation insurance. The Board for Licensing Contractor's requires the proof of workers compensation insurance to be in the following format:

"Producer" section must include the name of the insurance agency, and telephone number; "Insured" section should list the name of the contractor and license ID number; "Certificate of Insurance" should list the name of the insurance company; To Be Determined" or "TBD" is not acceptable; Policy effective and expiration date must fall within the period of license; "Description of Operations" portion must list: "State of Tennessee Contractors License"; "Certificate Holder" section should list the "Board for Licensing Contractors" and address; Cancellation Notice" section must be completed with at least 10 days notice to be given.

Please include the license ID# on all certificates to ensure they are assigned to the correct contractor. Effective **December 31, 2009**, the new law requires all contractors to submit proof of insurance unless a sole proprietor or partnership without employees and who never acts as a subcontractor. (Public Chapter 1041 - Labor and Workforce/Title 50, Chapter 6)

General Liability Insurance

Effective July 1, 2007, contractors must provide proof of general liability insurance (see page 10)

COMMON RENEWAL ERRORS

The following are the most common problems preventing license issuance:

- **Financial Statement**
 - Not in the name (or mode of operation) as licensed
 - Not current (more than 14 months) – *If your limit requires a CPA to prepare financial statement, and entity has a different year end from expiration date, may submit written request to the Board to use prior statement until new statements are ready*
 - Working capital and/or net worth does not support monetary limit
 - Must submit written agreement to lower limit
 - Personal financial statement and Guaranty Agreement are needed
 - Line of Credit (*do not list on financial statement*) needed to supplement working capital
- **Insurance (Workers Compensation and General Liability)**
 - Expired coverage
 - Failed to submit proof for qualifying agent and/or employee
 - Failed to submit the minimum amount of coverage of general liability
 - Name as licensed not on certificate
- **Failed to complete Contactors Affidavit (Page 3)**
 - Did not sign or have notarized
 - Did not answer all questions (felony, etc.)
 - Qualifying Agent is someone other than on file
 - Corporation or LLC is inactive with the Secretary of State's office
- **Did not include late fees**
 - Late fees assessed at \$20.00 each month
 - Renewal received after the expiration date (must allow 5 to 7 business days)

SUMMARY OF NEW LAWS, RULES & REGULATIONS

NEW LAWS, RULES & REGULATIONS

Be sure to check the Board's website for new legislation, laws and rules. Attached is a summary of new laws from the 2008 legislative session.

PUBLIC CHAPTER NO. 792 (Geothermal HVAC Projects) July 1, 2008

Section 62-6-119 - Requires Tennessee Department of Environment and Conservation (TDEC) license number, classification (G, L or G,L) and the expiration date to be listed on the outside of bid envelope.

PUBLIC CHAPTER NO. 904 (Non-Reciprocal States) July 1, 2008

Section 62-6-111(a) - Anyone desiring to be licensed as a contractor for this state, who resides in a state that does not practice reciprocity with licensees of the Tennessee board for licensing contractors, shall make written contract exceeds (\$2,500).

PUBLIC CHAPTER NO. 804 (Retainage) July 1, 2008

Section 66-11-144(g), Applicable to all prime contracts and all subcontracts for the improvement of real property when the contract amount of such prime contract is (\$500,000) or greater.

PUBLIC CHAPTER NO. 861(Public Member Appointment) April 21, 2008

Section 62-6-104(a)(1) - Shall be a person who is not engaged as a contractor in any county and has no significant financial interest in residential contracting.

SENATE BILL 4039 (Energy Efficient Schools Initiative)

AN ACT to amend Tennessee Code Annotated, Title 4 and Title 49, relative to creating the Energy Efficient Schools Initiative.

PC 1041 / HOUSE BILL NO. 1645 (Workers Compensation) December 31, 2009

Title 50, Chapter 6, relative to the liability of principal, intermediate contractor or subcontractor. Section 50-6-113, (A) Any person engaged in the construction industry, including principal contractors, intermediate contractors and subcontractors shall be required to carry workers' compensation insurance.

(B) Notwithstanding subdivision (A) above, a sole proprietor or partner engaged in the construction industry shall not be required to carry workers' compensation on themselves if they are doing work directly for the owner of the property pursuant to subdivision (f)(1)(C), but shall be required to carry workers' compensation insurance on any subcontractor, employee or worker not otherwise covered by a policy of workers' compensation; however, if a sole proprietor or partner is working as an intermediate contractor or subcontractor contractor then workers' compensation insurance shall be required on themselves.

RULE 0680-1-.25

Must contract in the name as licensed.

Note: This is a summary and may review complete contents of the laws passed with the Tennessee General Assembly at: <http://www.legislature.state.tn.us/> or the Rules at: <http://www.state.tn.us/sos/rules/>

The Tennessee Department of Commerce and Insurance is committed to principles of equal access and affirmation action. Contact the EEO or ADA Coordinator at (615) 741-2177.

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE & INSURANCE
DIVISION OF REGULATORY BOARDS
BOARD FOR LICENSING CONTRACTORS
500 JAMES ROBERTSON PKWY.
NASHVILLE, TN 37243-1150

****Office Location Change****

FYI – Mailing address and cashier's office will remain the same as listed on cover (page 1 of renewal), however, our physical address is next door at the Andrew Johnson Tower. Please check the Board's website at <http://tennessee.gov/commerce/boards/contractors/>